

## Message Text

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43

ACTION EB-11

INFO OCT-01 NEA-10 ISO-00 AID-20 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 SS-20 NSC-07 PA-04 PRS-01

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FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC PRIORITY 5841

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E.O. 11652: N/A

TAGS: ETRD, IR

SUBJ: TRADE POLICY FOR NEW IRANIAN YEAR

REF: A. TEHRAN 1857 MAR 24, 1973 B. TEHRAN A-33

1. SUMMARY: IRANIAN IMPORT REGULATIONS FOR NEW YEAR ARE BEING CONSIDERABLY LIBERALIZED. GOI HOPES CHEAPER IMPORTED ITEMS WILL REDUCE RATE OF INFLATION. IRAN'S FOREIGN TRADE IS EXPECTED TO CONTINUE TO GROW AT VERY RAPID RATE. END SUMMARY.

2. MINISTER OF ECONOMY ANSARY ON MARCH 19 ANNOUNCED SIGNIFICANT LIBERALIZATION OF IRANIAN IMPORT REGULATIONS FOR NEW YEAR (1353 BEGINNING MARCH 21). WHILE OFFICIAL LISTS WILL NOT BE PUBLISHED UNTIL AFTER NOW RUZ (NEW YEAR) HOLIDAY SEASON, STATEMENT ISSUED AT MINISTER'S PRESS CONFERENCE INDICATES REVISED TRADE POLICY IS AIMED AT DAMPENING INFLATIONARY PRESSURES, FACILITATING IMPORT OF NEEDED RAW MATERIALS, AND PROMOTION OF IRANIAN INDUSTRIALIZATION.

3. NEW POLICY REDUCES OR ELIMINATES COMMERCIAL BENEFIT TAX (CBT) ON 216 ITEMS, REMOVES 18 ITEMS FROM THE BANNED LIST, AND PERMITS FREE IMPORT OF 29 ITEMS WHICH PREVIOUSLY COULD ENTER ONLY WITH MINISTRY OF ECONOMY APPROVAL. DRIED MILK, AGRICULTURAL TOOLS AND EQUIPMENT, COMPUTERS, BOTTLES AND MORE THAN 150 CHEMICALS USED BY  
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VARIOUS INDUSTRIES ARE AMONG ITEMS WHICH NOW MAY ENTER IMPORT TAX

FREE. CBT REDUCED CONSIDERABLE ON NEWSPRINT AND ALL TYPES OF PAPER, BISCUITS, TEA, TOWELS AND WOOLENS.

4. IMPORTS OF HOUSEHOLD APPLIANCE SUCH AS RADIOS, TV SETS, AND REFRIGERATORS, STILL REQUIRE OFFICIAL APPROVAL, BUT MINISTER INDICATED LOCAL MANUFACTURERS' REFUSAL TO LOWER PRICES OF THESE ITEMS MIGHT MEAN SIZEABLE IMPORTS WILL BE ALLOWED. ANSARY STRESSED BENEFITS FROM IMPORT TAX CUTS MUST BE PASSED ON TO CONSUMERS. HE SAID ONLY ITEM ON WHICH SLIGHT PRICE INCREASE WOULD BE PERMITTED IS CEMENT.

5. ANSARY ANNOUNCED ANTI-INFLATIONARY MEASURE AFFECTING ALL IRANIAN IMPORTS IN PROPOSED REDUCTION OF 5.5 PERCENT IMPORT REGISTRATION FEE TO ONE PERCENT. HOWEVERNN THIS MEASURE REQUIRES APPROVAL OF MAJLES (PARLIAMENT). IN CONTRAST, CBT IS REDUCED OR ELIMINATED BY DECISION OF COUNCIL OF MINISTERS.

6. ANSARY EXPRESSED FEAR OF A WORLD RECESSION IN THE CONSTRUCTION INDUSTRY WHICH MIGHT FLOOD IRAN WITH IMPORTS TO THE DETRIMENT OF LOCAL PRODUCERS. HE SAID MINISTRY OF ECONOMY APPROVAL WILL BE REQUIRED FOR IMPORT OF GLASS FOR WINDOW PANES AND FOR ELEVATORS, SOME TYPES OF WHICH ARE MANUFACTURED IN IRAN.

7. SUGAR REPORTEDLY HAS BEEN ADDED TO LIST OF COMMODITIES OF WHICH EXPORT WILL NOT BE PERMITTED (REF B).

8. COMMENT: LIBERALIZATION OF IRANIAN IMPORTS IS CONSISTENT WITH SHARPLY INCREASED FOREIGN EXCHANGE AVAILABILITY. MEASURES LIKELY TO HAVE LITTLE EFFECT ON TRADE WITH US WHICH EXPECTED TO RISE SHARPLY IN ANY CASE. TOTAL IMPORTS FOR CURRENT IRANIAN YEAR ENDING MARCH 20 RECENTLY ESTIMATED AT \$6 BILLION BY CENTRAL BANK OFFICIAL, AND \$10 BILLION IMPORT BILL PREDICTED FOR 1353. ENGLISH TRANSLATION OF 1353 IMPORT REGULATIONS WILL BE FORWARDED AS SOON AS AVAILABLE BUT UNLIKELY TO BE PUBLISHED FOR SEVERAL MONTHS.  
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## Message Attributes

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